MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2022/2023

DMA5214– PRINCIPLES OF MANAGERIAL ACCOUNTING

10 JULY 2023
9.00 a.m - 11.00 a.m
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of **FOUR** pages (excluding the cover page) with 4 questions only.

2. Answer **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.

3. Write your answers in the answer booklet provided.

QUESTION 1

Amazonia Sdn Bhd manufactures and sells product A. The information about product A is as follows:

	RM
Selling price	20
Variable manufacturing cost	6
Variable selling and administration cost	2

Details for the month of April and May 2023 are as follows:

	April	**May**
Production of A	700 units	1,000 units
Sales of A	600 units	1,100 units
Fixed manufacturing overhead	RM4,000	RM4,000
Fixed non-manufacturing cost	RM3,050	RM3,050

The normal production of product A is 800 units.

Required:

a) Compute the production cost per unit using the Absorption costing and Variable costing approach. (3 marks)

b) Prepare the Statement of Profit or Loss for the month of April and May based on the Absorption costing approach. (12 marks)

c) Prepare the Statement of Profit or Loss for the month of April and May based on the Variable costing approach. (10 marks)

[TOTAL 25 MARKS]

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QUESTION 2

Sailor Sdn Bhd produces and sells two products, G and H. Data concerning the products follow:

	Product G (RM)	Product H (RM)
Selling price per unit	20	15
Variable expenses per unit	7	4
Contribution margin per unit	13	11

The company sold 500 units of Product G and 700 units of Product H in the current month. The company incurred RM5,000 of fixed cost per month.

Required:

a) Prepare the Statement of Profit or Loss based on the below format for the recent month:

	Product G		Product H		Total	
	Amount	%	Amount	%	Amount	%
Sales						
Variable expense						
Contribution margin						
Fixed expenses						
Net income/(loss)						

(20 marks)

b) Compute the company's overall break-even point in sales value. (1 mark)

c) If the company continues to sell 1,200 units, in total, each month, but the sales mix shifts so that an equal number of units of each product is being sold, will the monthly net income increase or decrease? Briefly explain. (2 marks)

d) Based on the data in part (c), if the sales mix shifts as explained, will the company's monthly break-even points to increase or decrease? Briefly explain.

(2 marks)

[TOTAL 25 MARKS]

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QUESTION 3

Sally Manufacturing Sdn Bhd manufactures a single product. The following information relates to the company for the second quarter of 2023:

	April	May	June
Budgeted sales (units)	200,500	265,000	275,500

Desired inventories (units):	Materials	Finished goods
April, 1	100,000	104,000
April, 30	106,100	199,600
May, 31	115,000	180,500
June, 30	117,900	200,400

Notes:

1) Selling price of the finished product is RM70 per unit.
2) One unit of direct material is required to produce one finished product.
3) Direct materials cost per unit is RM30.

Required:

a) Prepare the following budgets for Sally manufacturing Sdn Bhd for the month of April, May and June.

i. Sales budget (6 marks)
ii. Production budget (6 marks)
iii. Direct materials purchase budget (in quantity and value). (12 marks)

b) List ONE (1) advantages of participative budgeting (1 mark)

[TOTAL 25 MARKS]

QUESTION 4

Part A

Kools Limited manufactures product ZP. The company uses standard cost system. Selling price of product ZP is RM10. Kools Limited estimated 10,000 units of product ZP to be produced at the beginning of the month for July 2023. The company reports the following material and labour standards to produce per unit of product ZP:

	Standard Quantity	Standard Price
Direct materials	2.6 pounds	RM5 per pound
Direct Labour	0.8 hours	RM12 per hour

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During July 2023, the following activity was recorded by the company relating to the production of product ZP:

1.	Kools produced 9,000 units of product ZP for the month.
2.	6,000 labour hours incurred at total wage cost RM66,000.
3.	22,000 kg of materials purchased at total cost of RM88,000.
4.	22,000 kg of materials were used in production.

Required:

a) Compute the following variances for the month of July 2023 and indicate whether the variances are favourable or unfavourable.

i) Materials price variance (3 marks)
ii) Materials quantity variance (3 marks)
iii) Labour price variance (3 marks)
iv) Labour quantity variance (3 marks)

Part B

Lincon Office Space Enterprise rents their rooms to users in 3-hour blocks. Each session includes the use of the office room facilities, pantry facilities, and a digital writing board. Anticipated annual usage is 1,500 sessions. Lincon has invested RM4,000,000 in the building and expects a return on investment (ROI) of 25%. Estimated costs for the coming year are as following:

Per session (RM)	Total (RM)
Direct Materials	RM80
Direct labour	RM400
Variable overheads	RM60
Fixed overheads	RM750,000
Variable selling and administrative expenses	RM50
Fixed selling and administrative expenses	RM600,000

Required:

a) Compute the total cost per session. (7 marks)

b) Compute the ROI per session. (2 marks)

c) Compute the mark-up percentage on the total cost per session. (2 marks)

d) Compute the target price per session. (2 marks)

[TOTAL 25 MARKS]

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